



*H. Bonner*

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# Westcoast Transmission

COMPANY LIMITED

ANNUAL REPORT, 1957







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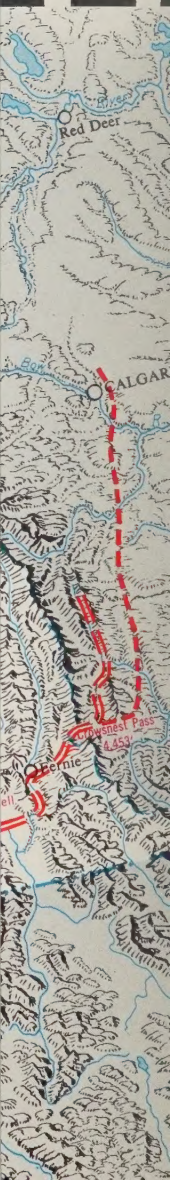
NE

CO. LTD.

ALBERTA

160 MILES







ROUTE MAP  
OF THE  
WESTCOAST TRANSMISSION  
PIPELINE





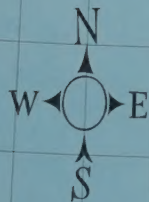


# LEGEND

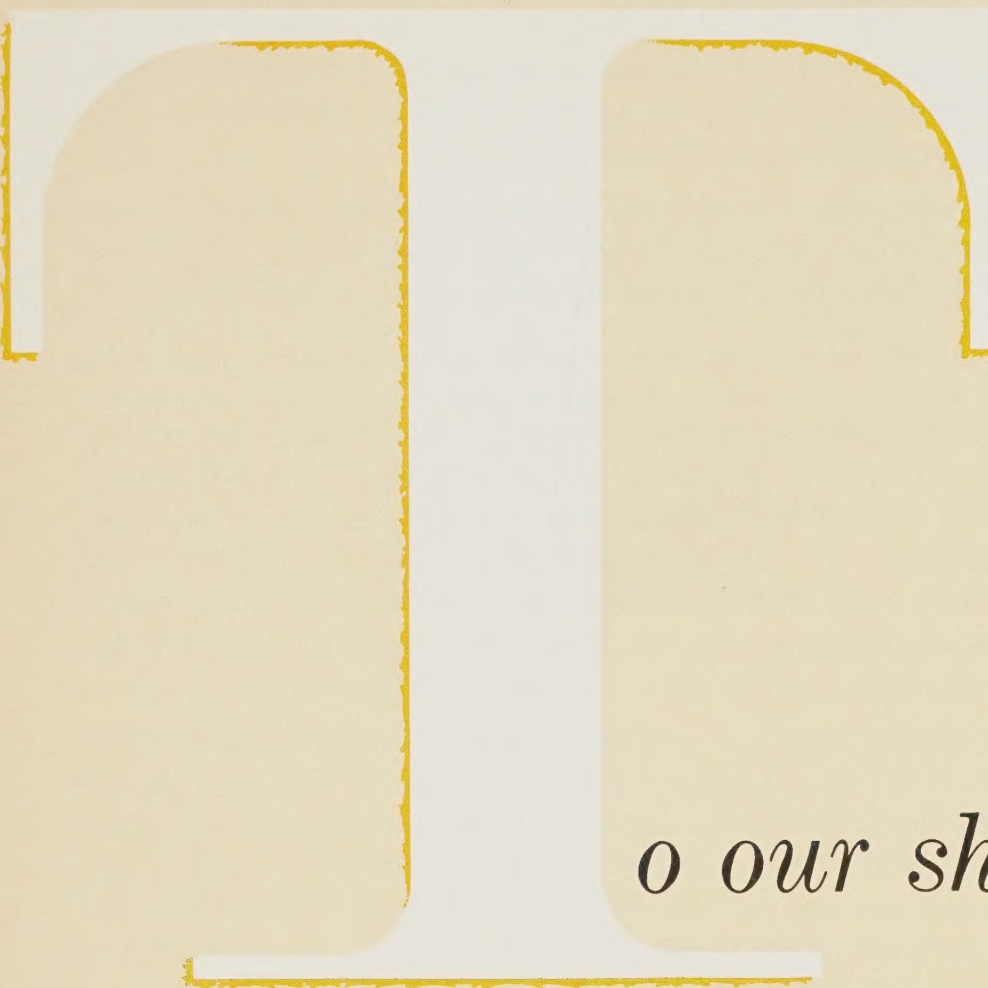
-  GATHERING SYSTEM
-  WESTCOAST GAS PIPELINE
-  PACIFIC NORTHWEST
-  B.C. ELECTRIC
-  INLAND NATURAL GAS CO. LTD.
-  WESTCOAST SOUTHERN ALBERTA PIPELINE (PROPOSED)

SCALE OF MILES

0 10 20 30 40 50 60 70 80 90 100 110 120 130 140 150 MILES







# *to our shareholders*

**1957** marked the culmination of many years of planning, organization and construction for Westcoast Transmission Company Limited. Your company's natural gas pipeline system is now in business, carrying large volumes of gas and earning its first revenues.

The 650-mile 30-inch main line from the Peace River area of Alberta and British Columbia was completed on August 8th. After testing, cleaning and purging, first gas deliveries were made in early October to Inland Natural Gas Co. Ltd. and the British Columbia Electric Co. Ltd. in British Columbia, and the Pacific Northwest Pipeline Corporation in the United States. Since then operations have continued smoothly, and by January 1st the pipeline was transporting approximately 300 million cubic feet of gas per day.

On October 7th and 8th senior representatives of government, and industry leaders from many parts of North America, were present at the official opening of the Westcoast system at Taylor, starting point of the 30-inch main line, and at Vancouver.

In September, new financing in the form of a \$25 million issue of convertible subordinate debentures was completed. These funds will be used to expand the company's system to meet sales contract commitments of a further 100 million cubic feet of gas per day on January 1st, 1959.

Natural gas from the Peace River area of northwestern Canada is already playing an important role in the development of British Columbia. In the interior of the province twenty seven communities are now served by Inland Natural Gas Co. Ltd., and franchise agreements with thirteen other centres are being negotiated. In addition the B.C. Electric company, which distributes natural gas in the populous lower mainland of British Columbia, has increased its requirements, and will also use natural gas as a fuel for a thermal electric power plant near Vancouver. This plant will be built in six units, two of which are scheduled for completion in 1961 and the balance by 1966. Maximum gas requirements for this installation, one of the largest thermal power plants of its kind planned in North America, will be 144 million cubic feet per day.

From the inception of the Westcoast project, your directors have been aware of the increasing energy requirements of western Canada and the Pacific Coast states and the part that Westcoast could play in transporting natural gas to these markets. Although exploration and development of the immense sedimentary basin of the western Provinces has scarcely begun, the search has been so rewarding that there now seems no doubt that natural gas reserves are far in excess of foreseeable Canadian requirements. Therefore Westcoast is in a position to provide an efficient outlet for large quantities of this surplus gas.

Through its connections with Pacific Northwest Pipeline's facilities and that company's inter-connection with El Paso Natural Gas Company's pipelines in the southwest, Westcoast is linked with the markets of the western states as far south as California. With this in mind, your directors have made arrangements with the Pacific Northwest company for the delivery of additional volumes to its system. This would include increased amounts from the Peace River area and surplus supplies from Southern Alberta.

Westcoast during the year entered into contracts under which it acquired the right to purchase all the production of gas from the new Savanna Creek and East Calgary gas fields in southwestern Alberta. The Savanna Creek field lies close to the British Columbia-Alberta-U.S. boundaries. Both it and East Calgary are readily accessible for service to southwestern Canadian centres along the route of the line, and through Kingsgate on the British Columbia-Idaho boundary northeast of Spokane, Washington.



In May, 1957, Pacific Northwest asked Westcoast to make available 150 million cubic feet per day from the fields under contract to Westcoast, and, accordingly, your company is now proceeding with an application to the Oil and Gas Conservation Board of Alberta for authorization to export 170 million cubic feet of gas a day from that province. Subsequent application will be made to the Board of Transport Commissioners of Canada to build the required facilities in Canada. In turn, Pacific Northwest will apply for leave to import the gas into the United States. Construction of the pipeline is subject to the granting of appropriate authorizations by all of the regulatory bodies concerned.

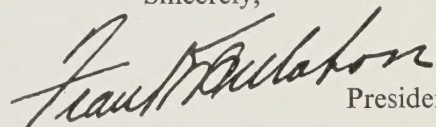
During the past year your company broadened its activities by acquiring, through its wholly-owned subsidiary, Westcoast Production Co. Ltd., the assets of Peace River Natural Gas Co. Ltd. This company's interests include more than 2.3 million acres of potential oil and gas lands in British Columbia and a share in producing gas and oil wells in the Peace River area. The acquisition makes Westcoast a producing and development company as well as a pipeline operator.

Recently, increasing public attention has been given to Canada's large energy sources—natural gas, oil, coal, uranium and hydro power. As a result, the Government of Canada has appointed a Commission to report on the available supplies and potential use of these energy sources. The investigation will serve to establish a long-term policy of great benefit to the public of Canada and to those engaged in each industry. Your directors anticipate that this Commission's findings will be helpful in carrying out the additional services which Westcoast plans for the benefit of its consumers in Canada and the United States.

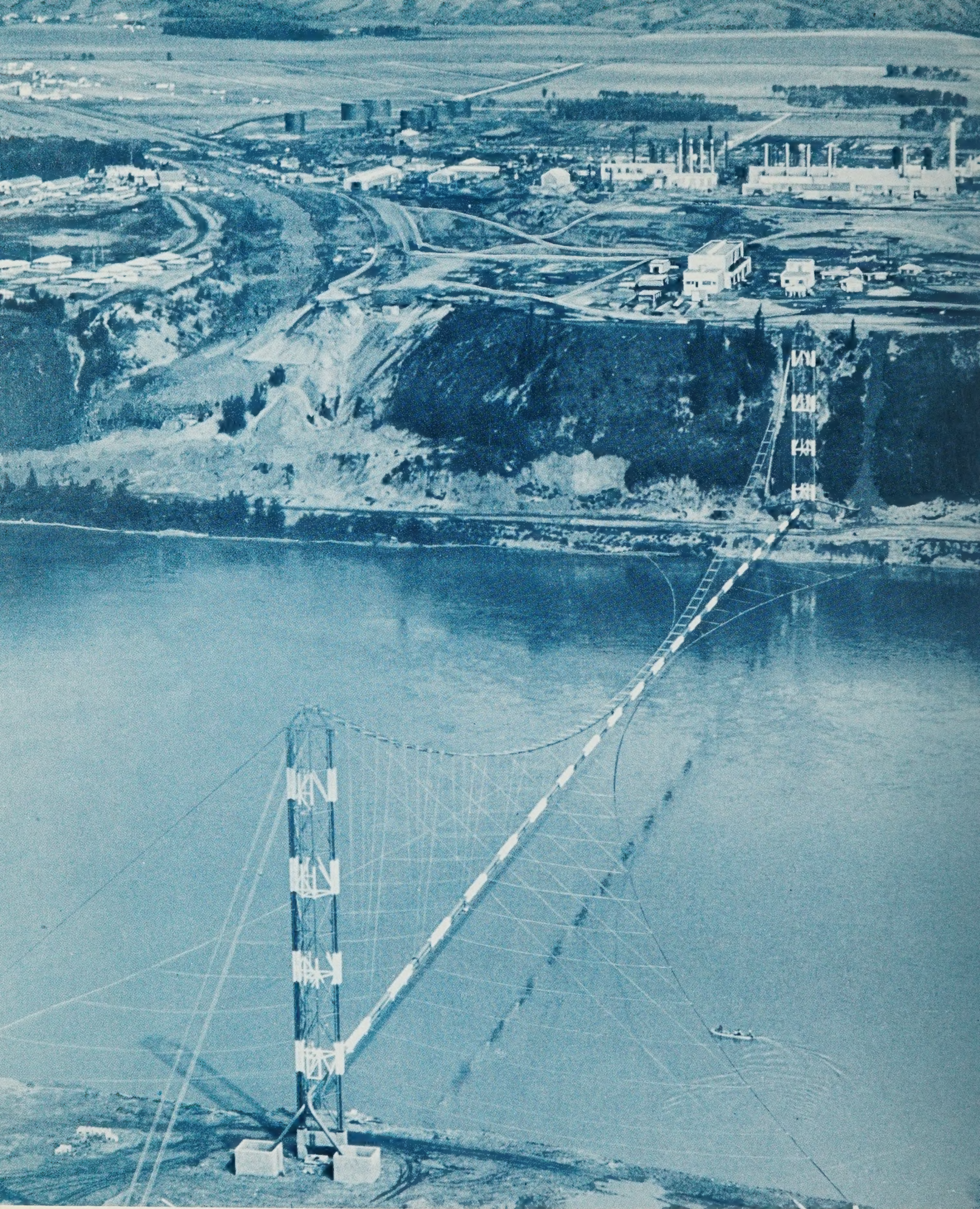
In the past year your company's operating headquarters at Vancouver and its divisional offices along the pipeline were established. Employees now number more than 250, all of whom are contributing to the success of the company.

Your directors wish, in closing, to thank Westcoast's shareholders and employees for their support and interest in the company's welfare.

Sincerely,

  
President









# The Westcoast Story

1957

On August 8, 1957, in British Columbia's Pine Pass, the weld that completed the 650-mile ribbon of steel pipe which is Westcoast Transmission Company's main natural gas pipeline to the Pacific was made.

To some who witnessed the event, this final tie-in marked the end of the story of Canada's first big-inch gas pipeline; the rest would be routine. But actually, this was only the close of a chapter; for the Westcoast story is, like the story of the west itself, a continuing one of challenge and promise. These were its highlights in 1957:

When the construction season started, 197 miles of mainline pipe was still to be laid. Work remained to be done on three compressor stations and had yet to start on the fourth. River crossings and meter stations had to be completed.

A work force which, at its peak, reached nearly 2200 closed the remaining gaps in the line at a rate of more than a mile a day. By July 21, the final submarine crossing on the line's southernmost section had been made; four days later, the last 21 miles of pipe-laying in the picturesque Cariboo cattle country was complete.

*Taylor, B.C., is the site of scrubbing plant, refinery, and sulphur mill (background), Compressor Station No. 1 (centre foreground) and pipeline bridge over the Peace River.*





*Network of pipe frames Compressor Station No. 1 at Taylor, B.C.*



*Westcoast president Frank M. McMahon congratulates a construction worker on completion of the job at opening ceremony Oct. 7 at Taylor.*

Still to be finished was 26 miles in the sparsely-settled Rocky Mountain Trench area. Working north from the Parsnip River, the sideboom tractors and trenchers, the backhoes and the coat-and-wrap machines had narrowed the gap to six miles by the end of July.

On August 8, less than two years after the giant project was begun, the gap was closed. The job had cost \$195 million, and had used more than 230 thousand tons of steel pipe. It had required the moving of over 7 million tons of earth, for the laying of 650 miles of 30-inch mainline, 83 miles of 26-inch trunk lines, and 68 miles of gathering lines ranging in diameter from 4 to 20 inches. The result was a pipeline system with an initial operating capacity of 300 million cubic feet a day, which can be expanded by additional gathering facilities and compressor horsepower to 660 million cubic feet a day.

Meanwhile, work went ahead on other phases of the project.

At Taylor, starting point of the 30-inch main line on the high bluffs overlooking the Peace River, the McMahon Plant was completed. This \$30 million operation, composed of a scrubbing plant, a refinery, and a sulphur plant, is owned by four companies: Westcoast, Pacific Petroleum Ltd., Phillips Petroleum Company and Jefferson Lake

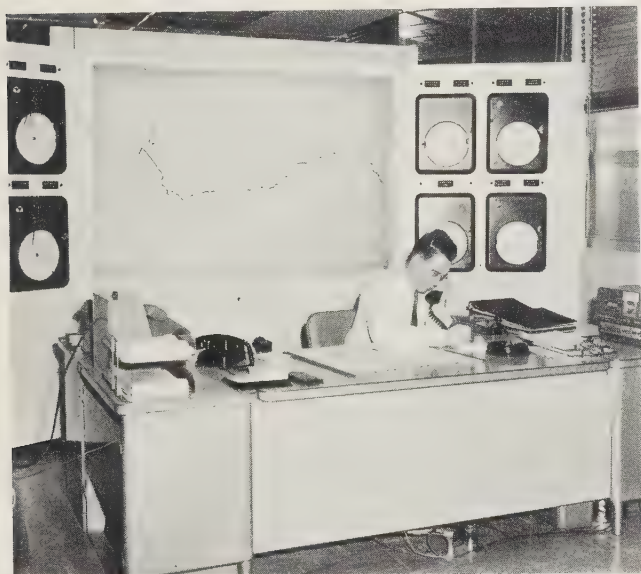


*Modern, well-planned homes like these at Australian, B.C. were built for compressor station personnel.*



Sulphur Company. The Westcoast portion of this large industry is the scrubbing plant, which removes the by-products from the rich raw British Columbia gas and produces dry pipeline gas. The liquid hydrocarbon and sulphur by-products are then sold to the other companies.

Also completed during the year were four compressor stations, spaced at intervals of approximately 160 miles along the line at Taylor, McLeod Lake, Australian and Savona. The total compression available in these stations to move the gas through the pipeline exceeds 52,500 horsepower.



*Dispatch centre of the Westcoast system, at Vancouver operating office, is in round-the-clock communication with all field locations by teletype and micro-wave facilities.*

Around these locations—all sparsely settled until the coming of the pipeline—small, modern communities are now growing up.

The five pipeline bridges, with spans ranging up to 1675 feet in length, that carry the Westcoast line across the Peace, Fraser, Quesnel and Thompson Rivers, were finished. A sixth crossing was made on the Agassiz-Rosedale highway bridge over the Fraser River near Vancouver.

Delivery of natural gas to Westcoast's British Columbia customers, Inland Natural Gas Co. Ltd.



*Last weld on the 30-inch main line is made August 8 in the Pine Pass of northeastern British Columbia.*

and B.C. Electric Co. Ltd., is made through eleven meter stations, all of which were completed during the year. These are located at Prince George, Quesnel, Williams Lake, 100 Mile House, Merritt, and at six centres in the heavily-populated lower Fraser Valley. The Westcoast system also includes an Alberta meter station to measure the gas coming from that province.

The Company's housing program is operated by a wholly-owned subsidiary, Westcoast Transmission Housing Ltd. During 1957, this program saw



*Construction "pig" is inserted in pipeline to clear debris and rust and ensure smooth passage of gas.*





*Drilling rig continues exploration of vast sedimentary basin in the Peace River area.*

completion of 51 units at compressor station sites, and 190 units at Fort St. John in a joint venture with Pacific Petroleum Ltd.

Another subsidiary, Westcoast Production Co. Ltd., which acquired the assets of Peace River Natural Gas Co. Ltd. during the year, has carried on the activities of that company. It is taking an active part in drilling of development and exploration wells in the Peace River area. It also shares in a large number of commercial gas and oil wells, most of which are now delivering gas to the Westcoast pipeline.

During this winter and spring further exploratory wells are planned there on promising structures by your company in conjunction with Pacific Petroleum Ltd. and its associates.

In addition, Westcoast Production is taking part in a major exploration program under the direction of Pacific Petroleum in the foothills district of southwestern Alberta. This extensive area has been for many years a large producer of gas, and recent exploration has accounted for a number of major new fields.

Approximately \$2 million is now being spent on exploration by the group, and two deep test wells are being drilled on structures at Sullivan Creek and Keystone Valley in this area.

## **DEVELOPMENT**

Even before the 1957 chapter of The Westcoast Story closed, a new one was beginning.

Work began last year on extension of the British Columbia gathering system, and by November, 1959, a total of 198 miles of gathering lines will have been tied in.

The expanded system will pick up gas from newly developed fields. Provision has also been made for expanding the capacity of the Westcoast scrubbing plant at Taylor and the installation of further compressor horsepower as required.



Subject to securing the necessary authorizations from provincial and federal authorities in Canada and in the United States, it is planned to link the Savanna Creek and East Calgary fields in southwestern Alberta to markets on the Pacific coast by a new Westcoast pipeline, which would carry supplemental gas supplies to coastal markets.

Engineering studies have been completed and purchase and sales contracts have been negotiated for the pipeline. Hearings are now under way before the Alberta Conservation Board.

The pipeline, which would go through the Crowsnest Pass of the Canadian Rockies, would comprise 106 miles of 30-inch line, starting near Coleman, Alberta, and cutting across the southeastern corner of British Columbia to the Idaho border at Kingsgate.

The gathering system from the Savanna Creek field to Coleman would be 43 miles in length. At Coleman, Westcoast facilities are planned to connect with the Alberta Trunk Line grid system through which Alberta Trunk Line will deliver gas purchased by Westcoast from the East Calgary field.

Initial flow capacity of this second Westcoast pipeline will be 170 million cubic feet per day. Additional compressor stations will permit an increase to 660 million cubic feet a day as exportable gas is made available.

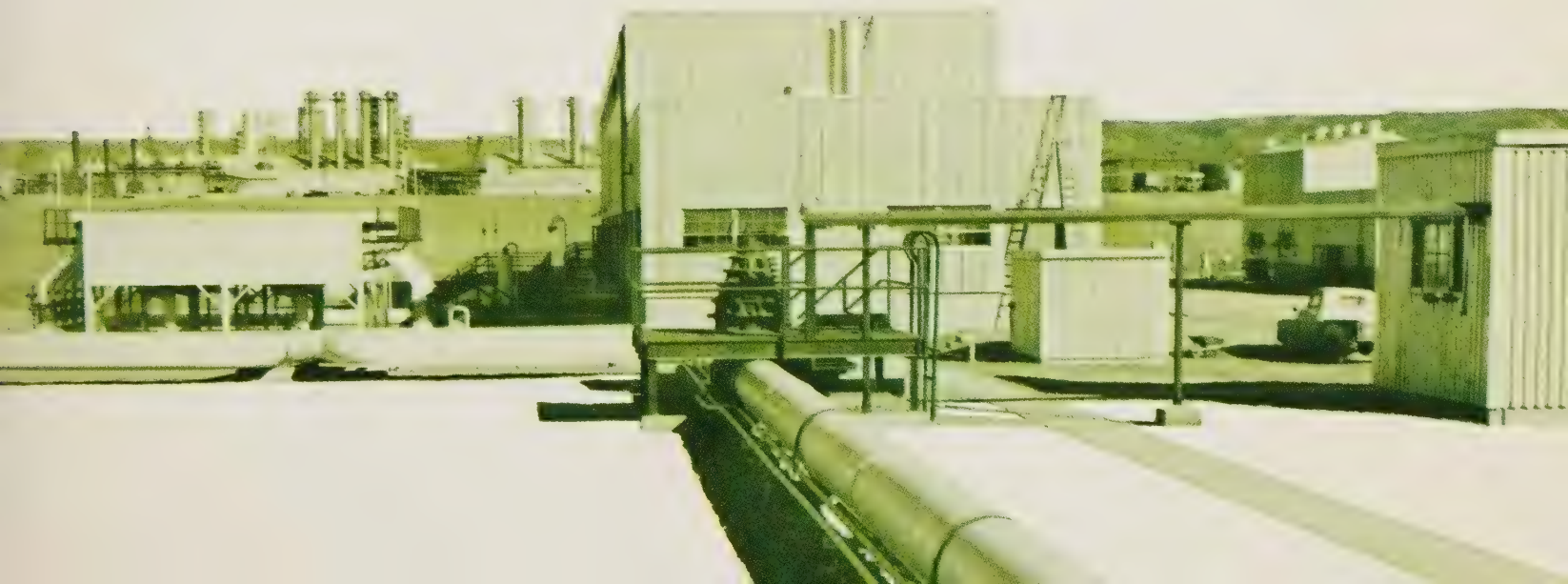
The system is designed to make gas available for distribution in the Alberta towns of Coleman and Blairmore, the B.C. centres of Fernie, Kimberley, Cranbrook and others.



*Flames roar skyward, silhouetting an oilworker, as a well near Fort St. John is flared.*



*Sure footed steelworkers complete tie-in of pipeline on aerial crossing at Flood, B.C.*



# WESTCOAST TRANSMISSION

(Incorporated by Special Act)

AND ITS WHOLLY-OWNED

## CONSOLIDATED BALANCE

### ASSETS

#### Plant, Property and Equipment:

Construction in progress—gas transmission and gathering systems, gas scrubbing plant and employee housing (Note 1).....	\$168,776,616
Petroleum and Natural gas leaseholds, reservations, permits, licenses, surface rights, wells and production equipment—at cost.....	24,198,907
	<u>\$192,975,523</u>

#### Deferred Accounts Receivable:

Mortgage loans and advances to officers and employees.....	\$ 62,346
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#### Current Assets:

Cash .....	\$26,392,975
Trade account receivable.....	120,150
Claims for refund of customs duty, damages, etc.....	861,028
Unexpended advances to contractors.....	1,161,545
Inventory of pipe—at cost.....	853,160
Marketable securities—at cost and market value.....	197,457
	<u>\$ 29,586,315</u>

#### Deferred Charges:

Prepaid debenture interest.....	\$ 1,611,652
Unamortized debt discount, premium and expense (Note 3).....	2,646,190
Organization expense.....	38,721
	<u>\$ 4,296,563</u>
	<u>\$226,920,747</u>

The accompanying notes are an integral part of the consolidated balance sheet at September 30, 1957.

### AUDITORS' REPORT

#### TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Westcoast Transmission Company Limited and its wholly-owned subsidiary companies as at September 30, 1957 and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us, and as shown by

the books of the companies, the accompanying consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of Westcoast Transmission Company Limited and its wholly-owned subsidiary companies as at September 30, 1957, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Alberta  
November 28, 1957.

Clarkson, Gordon & Co.,  
Chartered Accountants



# COMPANY LIMITED

of the Parliament of Canada)

## SUBSIDIARY COMPANIES

SHEET, SEPTEMBER 30, 1957

### SHAREHOLDERS' EQUITY

#### Capital Stock (Note 2):

Authorized—25,000,000 shares without nominal or par value	
Issued—5,895,905 shares.....	\$ 48,938,251
Paid-in Surplus.....	2,000
	<u>\$ 48,940,251</u>

### LIABILITIES

Long Term Debt (Note 3).....	<u>\$169,115,839</u>
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#### Deferred Liability:

Placement fee re sale of securities (Note 4).....	<u>\$ 279,668</u>
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#### Current Liabilities:

Owing to contractors and others.....	\$ 6,553,670
Provincial taxes.....	255,268
Interest accrued on long term debt.....	1,776,051
	<u>\$ 8,584,989</u>

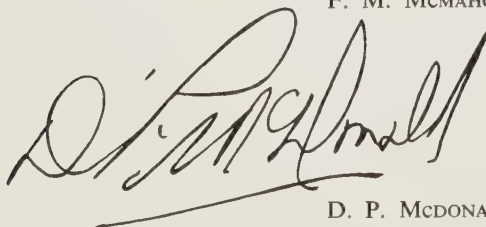
#### Commitments (Note 5)

\$226,920,747

On behalf of the Board



F. M. McMAHON, Director



D. P. McDONALD, Director

# WESTCOAST TRANSMISSION COMPANY LIMITED

## NOTES TO CONSOLIDATED BALANCE SHEET

### SEPTEMBER 30, 1957

#### 1. Principles of consolidation, accounting and conversion—

The consolidated balance sheet includes the accounts of the Company and its subsidiaries all of which are wholly-owned as follows:

- (a) Westcoast Transmission Company (Alberta) Ltd., presently constructing a gas gathering system in Alberta from advances made by the Company.
- (b) Westcoast Transmission Housing Ltd., presently constructing residences to be leased to employees of the Company.
- (c) Westcoast Transmission Company Inc., a non-operating company.
- (d) Westcoast Production Co. Ltd., which acquired, as of September 19, 1957, all the assets and undertakings of Peace River Natural Gas Co. Ltd., for a consideration of \$25,869,960 based on the financial position of that corporation at September 30, 1957. Peace River Natural Gas Co. Ltd. had been engaged since 1947 in the development of petroleum and natural gas properties principally in the Peace River area of Alberta and British Columbia.

The Company's only material business activities to date have consisted of preliminary negotiations and arrangements for, and the carrying on of the construction of a natural gas transmission system and scrubbing plant. There is no difference between the amount of the Company's investment in the consolidated subsidiaries and its equity in their own assets.

Cost of construction in progress includes interest expense, general overhead expenses and foreign exchange differential and has been credited with interest income on short term investment and minor amounts of service fees on gas handled and housing rentals.

United States funds on deposit with banks and current liabilities payable in United States funds have been converted to Canadian dollars at the exchange rate in effect at September 30, 1957. The Company's long term debt and capital stock sold in United States funds have been converted at the exchange rates in effect at the respective dates of sales. The United States dollar proceeds of long term debt and capital stock which were subsequently applied in payment of construction costs were charged to construction in progress at the then current exchange rate, with any difference between such rate and the original rate at date of sale being charged or credited to foreign exchange differential.

#### 2. Capital Stock—

Shares of the Company's Capital Stock issued during the year ended September 30, 1957 were as follows:

	No. of Shares	Consideration
For cash.....	250,827	\$ 3,365,764
For property—3,233,745 shares of Westcoast Production Co. Ltd.....	1,077,915	25,869,960
	<u>1,328,742</u>	<u>\$29,235,724</u>

At September 30, 1957 there were outstanding options granted in February 1955 to purchase shares of the Company's capital stock as follows:

- 177,500 shares at \$5.97 (Canadian) per share, exercisable on or before January 31, 1960.
- 20,510 shares at \$6.00 (U.S.) per share, exercisable on or before January 31, 1965.

100,000 shares of the Company's capital stock have been reserved for sale to such officers and employees as the Directors may designate at prices not lower than 75% of the market value prevailing in the month preceding the month of grant of any purchase option.

714,286 shares of the Company's capital stock have been reserved for conversion of the 5½% Subordinate Debentures, Series C at the initial conversion rate.

The indentures and agreements relating to the Company's long-term debt contain restrictions as to the declaration or payment of dividends on capital stock (other than dividends payable in capital stock).

#### 3. Long Term Debt—

Long Term debt at September 30, 1957 consists of the following:

	Authorized and Issued	
	United States dollars	Canadian dollars (See Note 1)
First Mortgage Pipe Line Bonds 4¾% Series (Series A) due November 1, 1977.....	\$83,000,000	\$ 80,347,812
First Mortgage Pipe Line Bonds 5% Series (Series B) due November 1, 1969.....	9,150,000	8,743,969
3½% Debentures, maturing \$1,050,000* semi-annually from May 1, 1959 to November 1, 1963.....		10,500,000
3½% Notes maturing \$1,900,000* semi-annually from May 1, 1959 to November 1, 1963.....	19,000,000	18,768,437
4¼% Notes maturing \$875,000 semi- annually from May 2, 1960 to November 1, 1961.....	3,500,000	3,348,516
Thirty-two year 5½% Subordinate Debentures, Series A, due April 1, 1988.....	20,500,000	20,405,667
5½% Subordinate Debentures, Series B, due April 1, 1988.....	3,100,000	2,970,188
5½% Subordinate Debentures, Series C, due April 1, 1988, convertible into shares of capital stock of the Com- pany at \$35.00 U.S. per share if con- verted on or before September 1, 1967 and at \$38.50 U.S. per share if converted thereafter and on or before July 15, 1978.....	25,000,000	24,031,250
		<u>\$169,115,839</u>

\*Except that commencing May 1, 1962, additional semi-annual payments of \$203,550 (Canadian) on the Debentures and \$368,325 (U.S.) on the 3½% Notes will be due, thereby reducing the final payment accordingly.

The foregoing listing is in order of priority, except that the Company's 3½% Debentures, 3½% Notes and 4¼% Notes rank equally.

Debt discount, premium and expense is being amortized over the periods of the respective issues.

One of the Company's wholly-owned subsidiaries, Westcoast Transmission Company (Alberta) Ltd., has issued \$1,650,000 (U.S.) principal amount of First Mortgage Pipe Line Bonds, 4¾% Series (Series A), to September 30, 1957. As required by the mortgage, all of these bonds have been purchased by Westcoast Transmission Company Limited and are pledged with the trustee of the Company's First Mortgage Pipe Line Bonds.

#### 4. Deferred Liability—

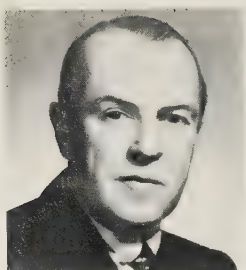
The placement fee resulting from the sale of securities in 1956 is payable in five equal instalments, the first of which is due on January 2 of the year following the first year in which operations of the transmission system have been conducted for at least six months.

#### 5. Commitments—

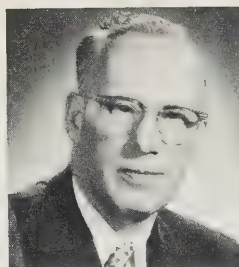
At September 30, 1957 there were outstanding commitments in connection with the companies' construction projects amounting to \$4,200,000.



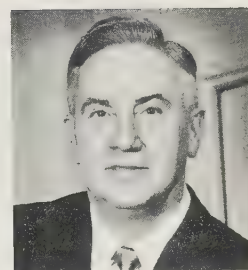
## DIRECTORS



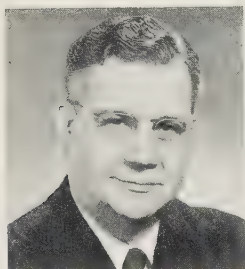
LLOYD S. GILMOUR  
New York, N.Y.



D. P. McDONALD, Q.C.  
Calgary, Alta.



FRANK M. McMAHON  
Calgary, Alta.



GEORGE L. McMAHON  
Calgary, Alta.



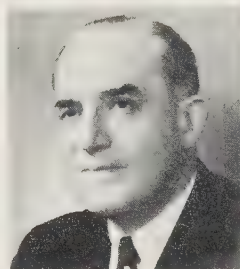
JAMES MUIR  
Montreal, P.Q.



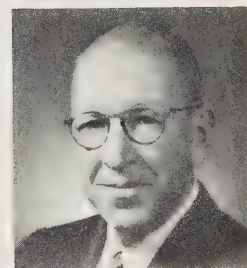
HON. FRANK M. ROSS,  
K.St.J., C.M.G., M.C., LL.D.  
Vancouver, B.C.



COL. VICTOR SPENCER  
Vancouver, B.C.



NORMAN R. WHITTALL  
Vancouver, B.C.



C. C. WHITTELSEY  
New York, N.Y.

## OFFICERS

FRANK M. McMAHON  
*President*

D. P. McDONALD, Q.C.  
*Vice-President and  
Managing Director*

C. R. HETHERINGTON  
*Vice-President*

G. L. McMAHON  
*Vice-President*

G. S. HUME  
*Vice-President and  
Chief Geologist*

D. R. PFLUG  
*Vice-President for Operations*

D. A. FREEMAN, JR.  
*Vice-President*

T. O. MEGAS  
*Treasurer*

DOUGLAS OWEN  
*Secretary*

## HEAD OFFICE

PACIFIC BUILDING, 320 9th AVENUE WEST, CALGARY, ALBERTA

## OPERATING OFFICE

1155 WEST GEORGIA STREET, VANCOUVER, BRITISH COLUMBIA

## NEW YORK OFFICE

15 BROAD STREET, NEW YORK, N.Y.

**Pipelaying in B.C.'s Pine Pass**

*This full colour reproduction of an original painting, suitable for framing, is perforated at the left margin for easy removal.*









# WESTCOAST TRANSMISSION COMPANY LIMITED

## REGISTRARS AND TRANSFER AGENTS

### SECURITIES

### REGISTRARS

### TRANSFER AGENTS

First Mortgage Pipe Line Bonds  
4 $\frac{3}{8}$ % Series (Series A)

First Mortgage Pipe Line Bonds  
5% Series (Series B)

Montreal Trust Company  
Calgary, Alta.

Montreal Trust Company  
Calgary, Alta., Montreal, P.Q.  
Toronto, Ont.

The First National City  
Bank of New York  
New York, N.Y.

3 $\frac{1}{2}$ % Debentures

Canadian Trust Company  
Montreal, P.Q.

Canadian Trust Company  
Montreal, P.Q.

Thirty-two year 5 $\frac{1}{2}$ % Subordinate  
Debentures, Series A

5 $\frac{1}{2}$ % Subordinate Debentures,  
Series B

5 $\frac{1}{2}$ % Subordinate Debentures,  
Series C

City Bank Farmers Trust  
Company  
New York, N.Y.

Montreal Trust Company  
(co-registrar)  
Montreal, P.Q., Toronto, Ont.  
Calgary, Alta., Vancouver, B.C.

City Bank Farmers Trust  
Company  
New York, N.Y.  
Montreal Trust Company  
Toronto, Ont., Montreal, P.Q.  
Calgary, Alta., Vancouver, B.C.

Capital stock (share certificates  
and voting trust certificates)

Montreal Trust Company  
Montreal, P.Q., Toronto, Ont.  
Calgary, Alta., Vancouver, B.C.

Chemical Corn Exchange  
Bank  
New York, N.Y.

Montreal Trust Company  
Montreal, P.Q., Toronto, Ont.  
Calgary, Alta., Vancouver, B.C.  
The First National City Bank  
of New York  
New York, N.Y.

### AUDITORS

Clarkson, Gordon & Co., Calgary, Alberta







